

Chapel-en-le-Frith Housing Need Survey December 2009

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Chapel-en-le-Frith Housing Needs Survey Results December 2009

Introduction

In October 2009, High Peak Borough Council posted out Housing Need Survey forms to every household in the town. The returned forms were then analysed by the Rural Housing Enabler and form the basis of this report. Of the 2978 forms posted out, 684 survey forms were returned, a response rate of 23%.

Purpose of the survey

The survey was conducted in order to obtain clear evidence of the affordable housing need in Chapel-en-le-Frith. The aim of the survey was to establish the type and tenure of housing required to meet local need, and the extent to which any housing need might be met by current housing stock.

The returned forms can be categorised as follows:

| Category | No. of forms |
|---|--------------|
| In housing need and in favour of a scheme | 67 |
| In housing need but not counted as anonymous* | 32 |
| Not in housing need and in favour of a scheme | 356 |
| Not in housing need and not in favour of a scheme | 207 |
| Don't knows | 22 |
| Total number of forms returned | 684 |

*The survey form stated that anonymous forms would not be included in the analysis of need.

67% of respondents are in favour of building more affordable homes for local people in Chapel-en-le-Frith.

Planning Context – outline description

Chapel-en-le-Frith is in the High Peak planning authority area. Please note that the following is not a complete description of the planning policies that apply locally. High Peak Borough Council's Local Plan (adopted March 2005) allows new development within the development boundary of a settlement. The Council currently requires 30% of developments over 15 dwellings in urban areas and 30% of developments over 5 dwellings in rural areas to be affordable housing. Any affordable housing negotiated through a Section 106 agreement will be subject to the Home-Options allocations policy meaning any resident registered on Home-Options would be eligible to bid.

Local Connection

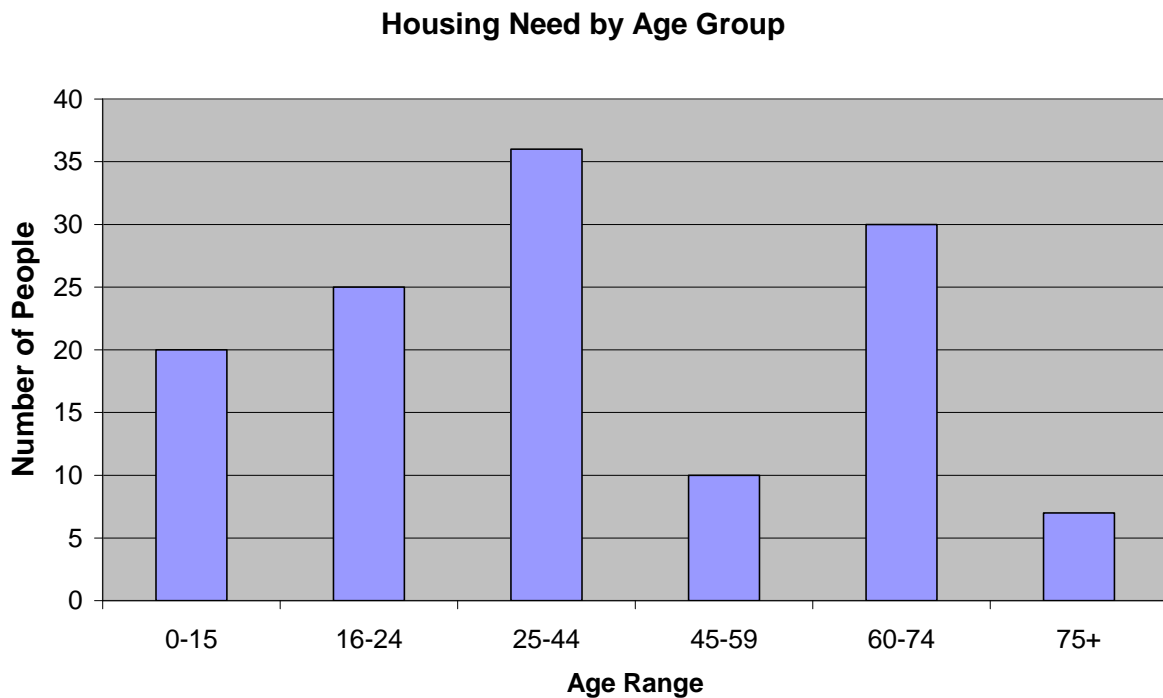
The local connection of those residents in housing need and in favour of a scheme can be summarised as follows:

| Category | % | Ave Duration (years) |
|-----------------------------------|----|----------------------|
| Currently live in the Town | 96 | 8 years |
| Currently work in the Town | 21 | n/a |
| Have relatives in the Town | 60 | n/a |
| Have previously lived in the Town | 16 | n/a |

NB: The total percentage is greater than 100% in many of the tables and charts as some respondents fall into more than one category.

The following charts set out the key housing demand information from the survey for the 67 households identified in housing need.

Housing Need by Age Group

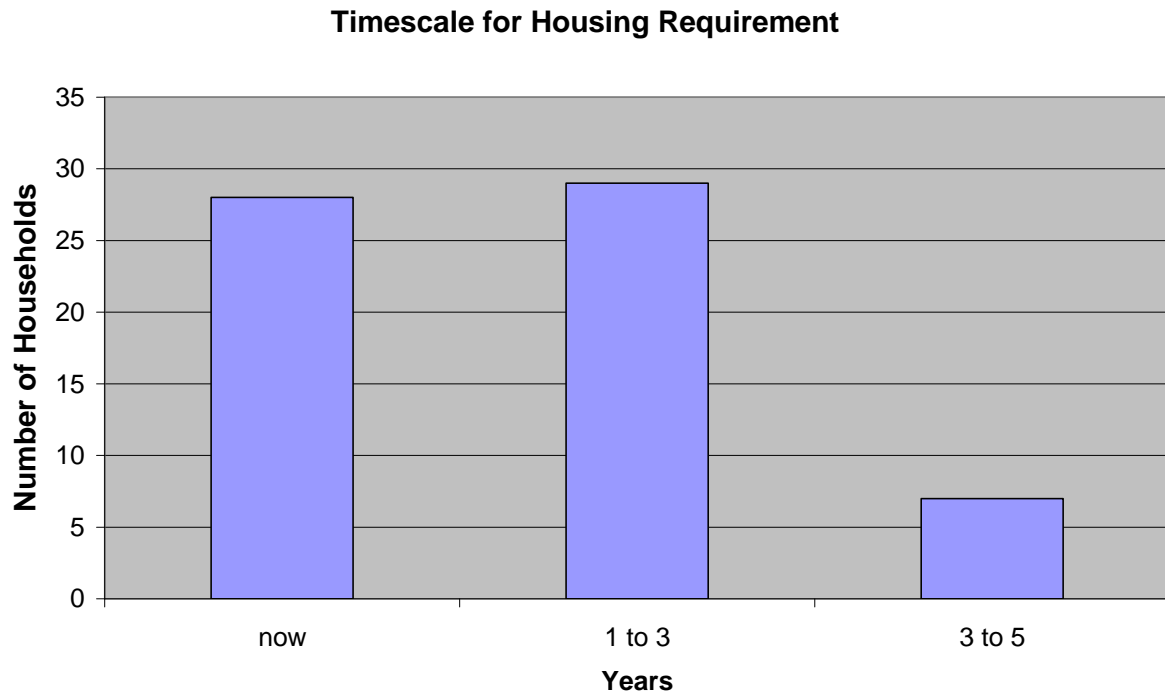


This chart shows the age ranges of the individuals in housing need. The survey has identified that the predominant need is from people in the 25-44, 60-74 and 16-24 age-groups. There is also a lesser need in the 45-59 and over 75 age groups.

The household types of the 67 households in housing need are as follows:

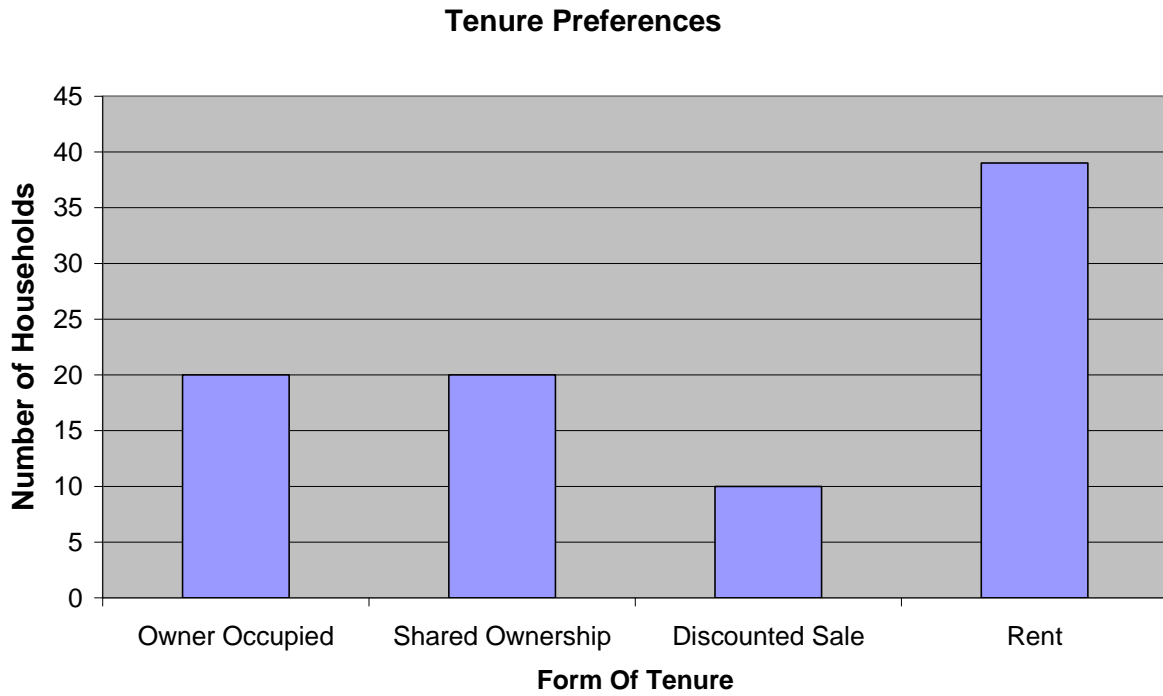
| | |
|--------------------------------|----|
| Single person without children | 18 |
| Single person with children | 12 |
| Couple without children | 15 |
| Couple with children | 4 |
| Elderly couple | 13 |
| Elderly single person | 5 |

Timescale for housing requirements



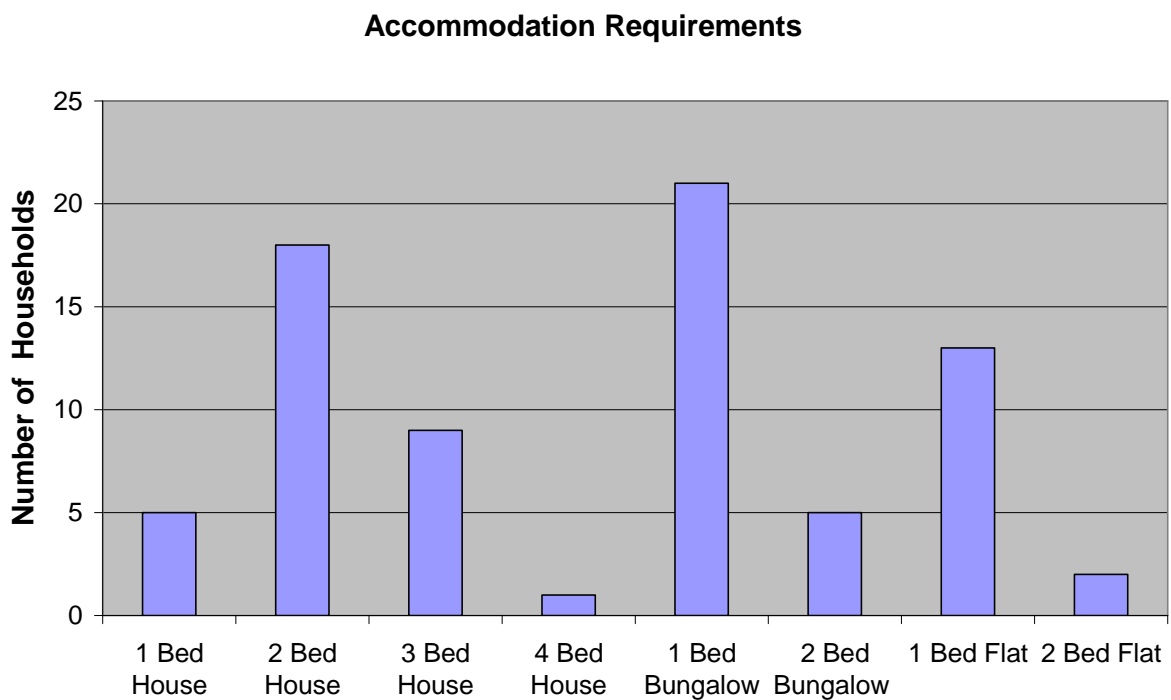
In response to the question “When is this housing going to be needed”, 42% of respondents stated “now”, 43% stated in “1 to 3 years” and 10% needed housing in “3 to 5 years time”.

Tenure preferences



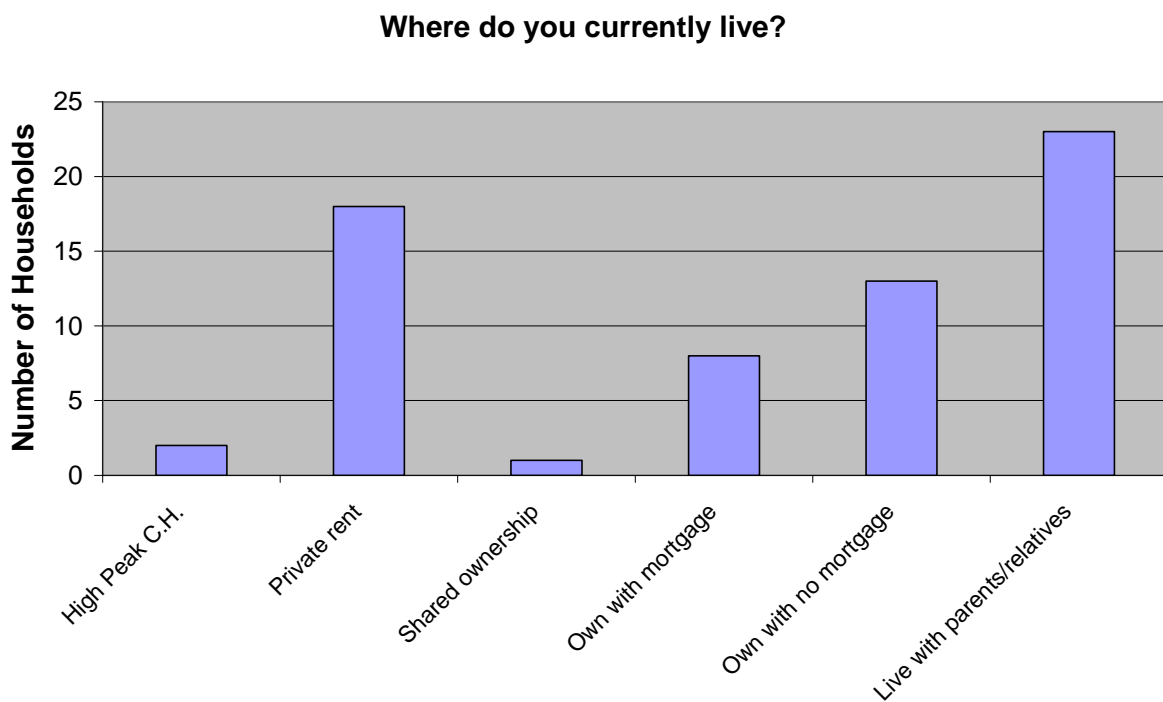
Respondents indicated a strong tenure preference for rent (58%), 30% indicated a preference for shared ownership, 30% for owner occupation and a further 15% of respondents stated a preference for discounted sale.

Accommodation requirements



The survey indicates a clear requirement for 1 bed bungalows and 2 bed houses, with a lesser need for 1 bed flats and 3 bed houses. The need for one bed accommodation relates to the household types in housing need. 76% of the households identified in need would, under normal circumstances, only be offered a one bed house under the Home-Options allocations scheme as they are single people or couples without children. However, the local authority may wish to consider whether to pursue 1 or 2 bed homes as developers are not keen to build one bed properties due to their lack of flexibility.

Current Accommodation



34% of the people in housing need are currently living with their parents, 27% are in private rented, 19% own a home without a mortgage, 12% own a home with a mortgage, two respondents live in High Peak Community Housing and one respondent lives in a shared ownership property.

Why is your current accommodation unsuitable?



37% of the respondents stated that their current housing is unsuitable due to the “need to live independently”. 29% stated that their current home is “too expensive” and a significant percentage (25%) of those in housing need have health and/or mobility problems. A further 19% of respondents stated that their current home is unsuitable because it is “too small”, 9% indicated that their home is “too big”, 2 respondents need to be closer to family and 1 respondent’s tenancy is due to end.

Existing housing stock and turnover

In considering the housing need information it is also important to consider the level of existing affordable housing provision and turnover within that stock.

At the time of the 2001 Census, there were 3,589 households with residents in Chapel-en-le-Frith, 102 were vacant households and 17 were second homes/holiday accommodation. There are currently 46 long-term empties and 13 second homes in Chapel (from council tax data). Long-term empty properties have been empty in excess of 6 months and are not exempt from Council Tax for other reasons.

The tenure of the 3,589 households was 3,039 owner occupied, 311 rented from High Peak Community Housing or a Registered Social Landlord (Housing Association) and 239 rented from the private rented sector. The number of affordable homes in Chapel has reduced from the Census figure of 311 to 264 through homes being sold under the Right to Buy legislation. The type and turnover of this stock is discussed below. The majority of these homes are owned and managed by High Peak Community Housing, except for 20 shared ownership flats

which are managed by Equity Housing Association and 7 houses managed by Guinness Northern Counties.

In terms of affordable housing, the number of affordable homes reflects the size of the town. Chapel has a relatively high number of 1 bed bungalows for over 55's (70 in total), 3 bed houses (73) and 1 bed sheltered flats (37) compared to other dwelling types. The predominant housing need identified in the survey is for 1 bed bungalows.

The survey also identified a need for 2 bed houses, 1 bed flats and a lesser need for 3 bed houses. There are currently only 13 x 1 bed flats and 27 x 2 bed houses for rent in Chapel (and only 8 x 2 bed flats).

Despite an average turnover of about 20 units per year, there are still 61 people in housing need in Chapel. If turnover rates continue at 20 units a year, the affordable housing need is unlikely to decrease without additional stock being built as new households will emerge in need.

Table of affordable housing stock in Chapel-en-le-Frith by dwelling type and landlord

| Dwelling Type | Affordable Housing Stock | Housing Association |
|--------------------------------|---------------------------------|-----------------------------|
| 1 bed flat | 13 | High Peak Community Housing |
| 2 bed flat | 8 | High Peak Community Housing |
| 2 bed house | 26 | High Peak Community Housing |
| 3 bed house | 67 | High Peak Community Housing |
| 4 bed house | 2 | High Peak Community Housing |
| 1 bed bungalow – 55 years+ | 70 | High Peak Community Housing |
| 2 bed bungalows – 55 years+ | 14 | High Peak Community Housing |
| 1 bed flat (sheltered) | 37 | High Peak Community Housing |
| 2 bed flats (shared ownership) | 20 | Equity Housing Association |
| 2 bed house | 1 | Guinness Northern Counties |
| 3 bed house | 6 | Guinness Northern Counties |
| Total | 264 | |

Table showing turnover rates of affordable rented housing stock in Chapel-en-le-Frith by dwelling type

Please note that these homes are not necessarily allocated to people in housing need in the town, as this stock will help to meet the affordable housing need in all of High Peak.

| Dwelling Type | 2004 | 2005 | 2006 | 2007 | 2008 | 2009-present | RSL |
|------------------------|-----------|-----------|-----------|-----------|-----------|--------------|------|
| 1 bed flat | 2 | 1 | 1 | 3 | 1 | 0 | HPCH |
| 2 bed flat | 1 | 2 | 2 | 2 | 2 | 1 | HPCH |
| 2 bed house | 2 | 1 | 3 | 5 | 3 | 1 | HPCH |
| 3 bed house | 3 | 5 | 2 | 0 | 2 | 4 | HPCH |
| 4 bed house | 0 | 0 | 0 | 0 | 0 | 0 | HPCH |
| 1 bed bungalow | 8 | 8 | 7 | 6 | 9 | 0 | HPCH |
| 2 bed bungalows | 1 | 0 | 1 | 2 | 0 | 0 | HPCH |
| 1 bed flat (sheltered) | 4 | 3 | 7 | 7 | 7 | 7 | HPCH |
| 2 bed house | 0 | 0 | 0 | 0 | 0 | 0 | GNC |
| 3 bed house | 0 | 0 | 0 | 0 | 1 | 0 | GNC |
| Total | 21 | 20 | 23 | 25 | 25 | 13 | |

Chapel-en-le-Frith's Housing Market and affordability

The table below lists the properties advertised for sale on www.rightmove.co.uk in Chapel on one particular day. In terms of affordability, the lower quartile house price to income ratio in Chapel is 6.5:1* yet the maximum amount a person would be able to borrow for a mortgage would be 3/3.5 times a household's income. The open market housing in Chapel is beyond the means of local people unless they have

substantial equity or savings, and this is discussed further below using information available on the housing market and the financial information provided by respondents in the survey.

* from Hometrack, a Housing Intelligence System

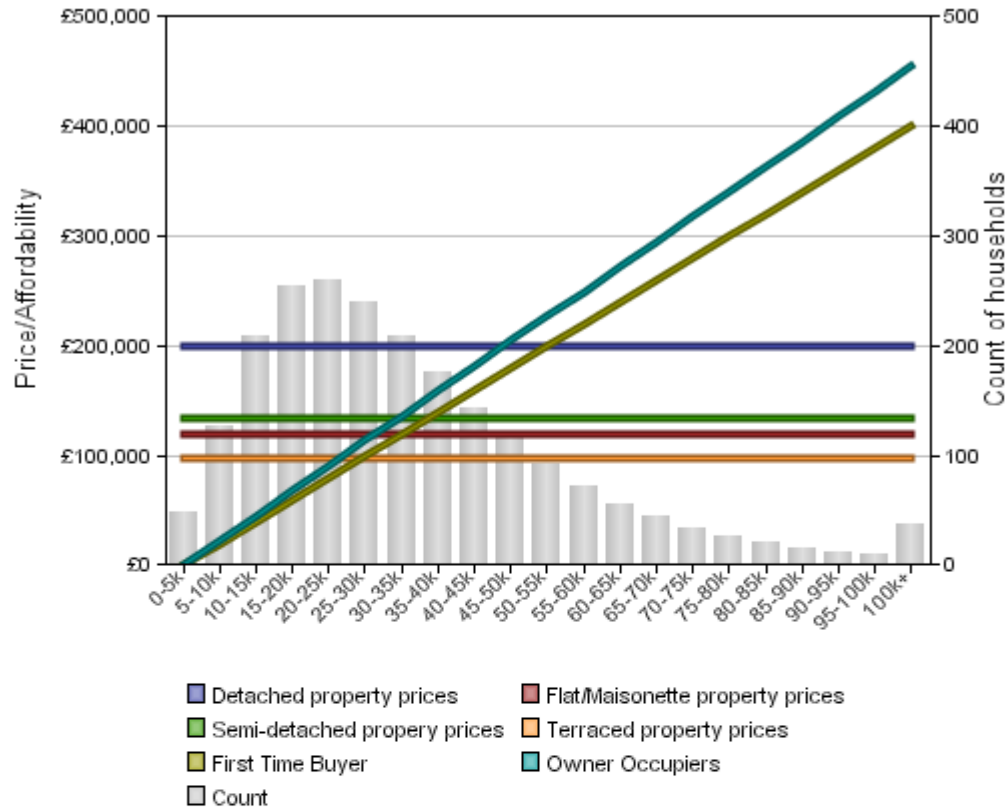
Cheapest properties available for sale in Chapel on rightmove.co.uk (22.12.09)

| Property Type | Cost |
|----------------------|--|
| 1 bed cottage | £85,000 |
| 1 bed flat | £109,950 |
| 2 bed flat | £89,950, £110,000 |
| 2 bed bungalow | £95,000, £139,950, £140,000 |
| 2 bed house -terrace | £114,950, £117,500, £119,950, £129,950, £134,950 |
| 3 bed house- terrace | £122,500 (some refurb), £125,000, £139,950, £144,900 |
| 4 bed house- terrace | £155,000 |

Affordability chart showing the income levels required for different housing types in Chapel West Ward

The chart below shows the affordability of local homes for local people. Having put down a deposit of 25% of the value of a home (based on the current loan to value ratio for a first time buyer - Hometrack), a household would need an income of about £25-30,000 per annum to buy their first home (the same figure as for Chapel East Ward).

3 times income



Note

This chart shows the number of households in different household income bands in the area (bars) compared to the lower quartile price for different property types in the same area (horizontal lines). The diagonal lines rising from left to right show the value of property that can be afforded at different income multiples by a first time buyer and former owner occupier. The affordability calculations are based on a multiple of the average household income adjusted by the average loan to value for the different types of buyer (see macro-economic trends > Loan to Value for the latest figures). The house price data is based on data from the Hometrack Automated Valuation Model and the incomes data is supplied by CACI. Further details on these sources are available in the Help and Information section.

Metadata

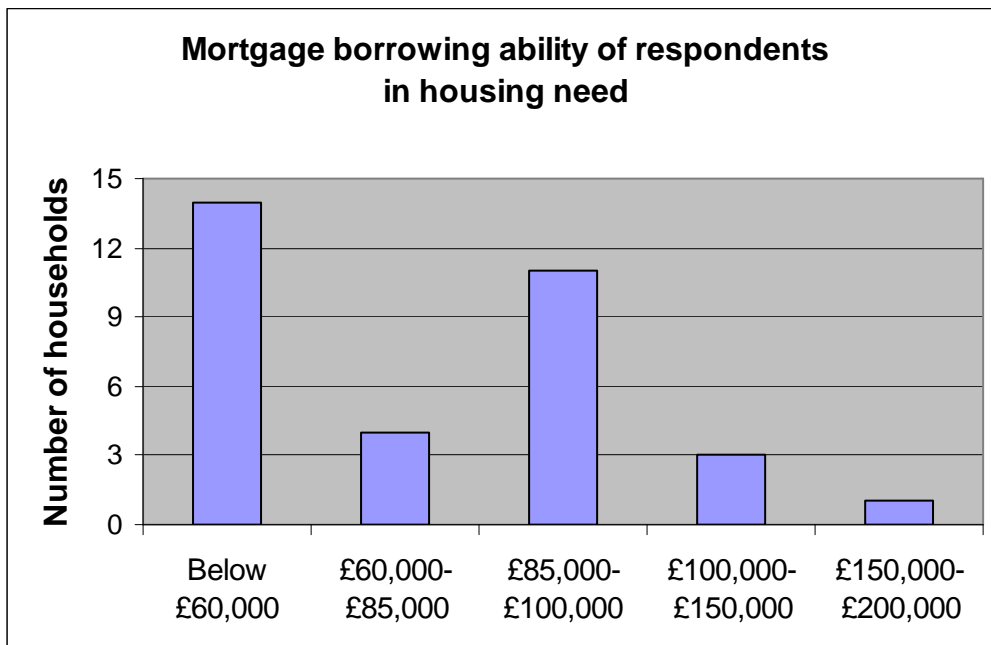
| Source | Hometrack | CACI | Council of Mortgage Lenders |
|--------------|----------------------|----------------------|-----------------------------|
| Timespan | Nov 2008 to Oct 2009 | Jan 2008 to Dec 2008 | Aug 2009 to Oct 2009 |
| Last updated | Dec 2009 | May 2009 | Dec 2009 |
| Data level | Ward | Ward | National |

The survey asked respondents for financial information, including the level of mortgage and rent that they could afford. Respondents indicated a strong tenure preference for rent (58%), 30% indicated a preference for shared ownership, 30% for owner occupation and a further 15% of respondents stating a preference for discounted sale.

The Mortgage borrowing ability chart below shows that the majority of respondents would struggle to meet their housing need by purchasing on the open market, except a minority of respondents at the very top end of the scale. Even respondents at the top end of the scale, would need a substantial deposit of 25% in the current financial climate and the charts in **Appendix A and B** highlight the limited supply of open market housing.

A number of respondents also own their home without a mortgage, own their home with a mortgage or have savings which would assist with buying a home. Analysis of the financial information provided in the survey by respondents and the current housing market indicates that 6 households would be able to meet their own home in the open market. **The number of households in need of affordable housing is therefore 61.** A further group of respondents, discussed in more detail in the next section, would appear to be able to purchase a part-share in a home or may benefit from a discounted sale scheme.

Mortgage borrowing ability chart



In addition to the problem of affordability, local people’s ability to purchase in the market is further restricted by the very limited supply. The charts at **Appendix A** of

this report show all housing sales by value in the financial period 2008/9 in Chapel East Ward and Chapel West Ward. The chart at **Appendix B** shows the housing turnover since 2005 in Chapel East Ward.

Shared ownership and affordability

The tenure options with affordable housing are rented, discounted sales or forms of ownership involving equity share, mainly shared ownership. As stated in the previous section, the financial information provided by respondents in the survey indicates that some households in need may be able to part-purchase a home or may benefit from discounted sale.

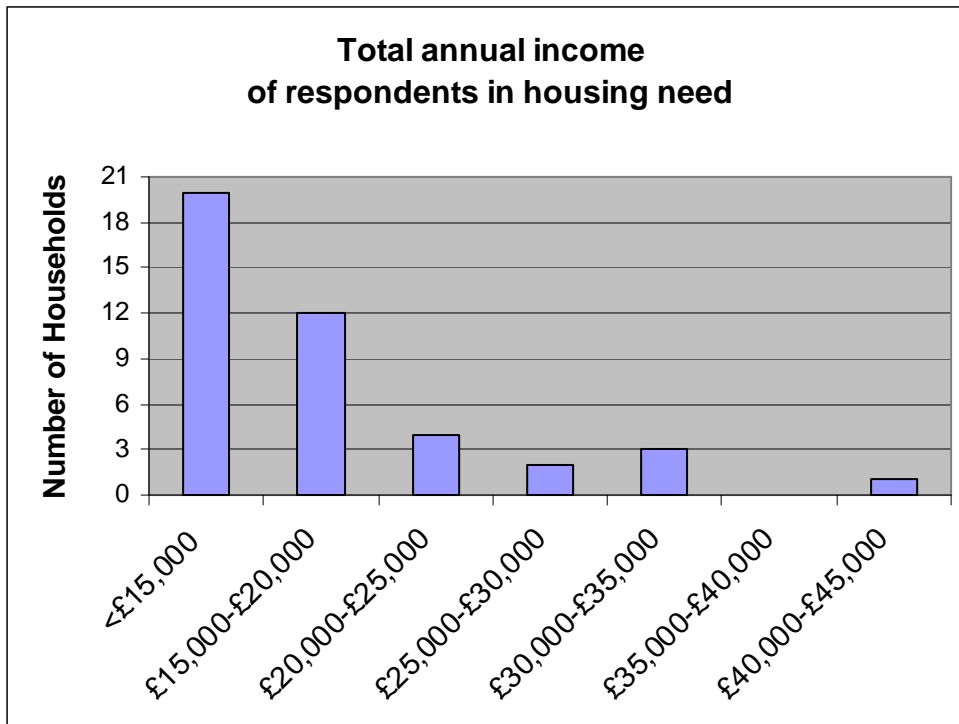
In November 2009, a 50% share was purchased in one of the 20 x 2 bed flats at Sage Mews, Chapel for £65,000 (the open market value being £130,000). These 20 shared ownership flats have no restrictions on re-sale or purchase and can be purchased up to 100%. The table below gives a recent financial cost estimate of other shared ownership properties in comparable settlements based on the purchase of a 50% share.

| Area | Unit Type | Market value | Initial share | Monthly mortgage | Monthly rental | Total monthly outgoings | Income required * |
|-----------|-------------|--------------|---------------|------------------|----------------|-------------------------|-------------------|
| Buxton | 1 bed flat | £110,000 | 50% | £314 | £112 | £426 | £17,040 |
| New Mills | 2 bed flat | £120,000 | 50% | £340 | £106 | £446 | £17,840 |
| Glossop | 2 bed house | £130,000 | 50% | £368 | £108 | £476 | £19,040 |
| Glossop | 3 bed house | £150,000 | 50% | £425 | £117 | £542 | £21,680 |

* annual income required is based on the housing cost being no more than 30% of the gross household income

The information in the above table has been taken from table 9.7 'Low Cost Home Ownership – planned schemes in the Peak Sub-Region' Pg. 122, Derbyshire Dales and High Peak Joint Housing Needs Survey Final Report March 2007, John Herington Associates. The financial figures are based on a mortgage rate of 6.25%, 25% repayment mortgage and 100% mortgage. Although no 100% mortgages are available on the market at the moment (25% deposits are required for first time buyers), this table serves as an indicative guide.

Using the financial information provided by respondents in the survey, my best estimate is that 16 respondents in housing need (26%) would be able to afford a 50% part-share in a home, or may benefit from discounted sale (depending on the level of discount). As previously stated, 6 further households in need would be able to meet their housing need on the open market.



A recent Borough-wide survey, which analysed affordable housing need on a much larger scale, also recommended a similar 80% rented to 20% shared ownership split on new affordable housing schemes because of the large disparity between incomes and house prices.

Note on ‘rent to buy’

In this difficult financial climate, alternative models are being devised that may assist people into part ownership in the medium term. Some housing associations are considering ‘rent to buy’ schemes. The scheme allows people to rent a property for a period with the aim of them buying a share in the property at a later date. ‘Rent to buy’ is a useful interim solution to the current difficulties in obtaining mortgages, which are affecting shared ownership.

Private rented properties

Local Housing Allowance rates (L.H.A. has replaced Housing Benefit for people on low incomes who require help with their rent) for the area show that £525 per calendar month is the maximum that would be paid for a 2-bed property in Chapel and £595 pcm for a 3 bed property. This gives an indication of rental levels in the area. The chart below also shows the monthly rental cost of different property types on rightmove.co.uk on one particular day.

In order to be able to afford a 2 bed property at £525 per calendar month, without subsidy, a household would need a minimum annual income of about £19,000 (if we apply the principle that household expenditure should not be more than 30% of net income). Yet, the majority of respondents in housing need have an annual income of less than £20,000 (see Total annual income chart above). It is also important to note that private rented accommodation is traditionally seen as providing accommodation

to a mobile workforce rather than as a long-term solution to a community's housing needs.

All properties available to rent in Chapel on rightmove.co.uk (at 22.12.09)

| Property Type | Cost (per calendar month) |
|----------------------|--|
| 2 bed flat | £475-£595 |
| 2 bed house | £500-£525 |
| 2 bed bungalow | £550 (only one bungalow advertised for rent) |
| 3 bed house | £550-£800 |
| 4 bed house | £750 |

Home-Options

A further indicator of need is people registered on Home-Options*. There are currently 93 Chapel residents registered on Home-Options. Of the 61 households identified in need of affordable housing in the survey, only 6 are registered on Home-Options. It can therefore be taken that there are a further 87 additional households in need of accommodation who did not respond to the survey (or sent in anonymous forms which were not counted). **Therefore, there are a minimum of 148 households in housing need in Chapel.**

The household composition of the 93 households registered on Home-Options is set out in the table below. 54 of the households (58%) would, under normal circumstances, only require one bed accommodation as they are single people or couples without children (in the survey the figure is 76%). However, people prefer 2 bed accommodation and developers are not keen to develop one bed properties due to their lack of flexibility.

*Home-Options is High Peak Borough Council's and High Peak Community Housing's choice-based lettings scheme which allows home-seekers to 'bid' for properties available. Further information is available at www.home-options.org or telephone 0845 129 8075.

The tables below set out the key information of the Chapel-en-le-Frith 'homeseekers' registered with Home-Options (at January 2010)

| Household Composition | Number |
|-------------------------------|---------------|
| A single person | 32 |
| Couple with no children | 22 |
| Couple with 1 child | 9 |
| Couple with 2 children | 7 |
| Couple with 3 children | 3 |
| Couple with 6 children | 1 |
| Single person with 1 child | 8 |
| Single person with 2 children | 5 |
| Single person with 3 children | 4 |
| Single person with 4 children | 1 |
| 3 adults and 2 children | 1 |

| Age range | Number of households |
|------------------|-----------------------------|
| Under 25 | 21 |
| 25-39 | 34 |
| 40-45 | 15 |
| 50-54 | 4 |
| 55-59 | 3 |
| 60+ | 16 |

| Priority banding | Number of households |
|-------------------------|-----------------------------|
| A | 1 |
| B | 2 |
| C | 41 |
| D | 49 |

Conclusion

23% of Chapel-en-le-Frith responded to the Housing Need Survey, with 67% of respondents indicating that they are in favour of a scheme of affordable homes for local people in Chapel.

The survey identified 67 households with a strong local connection to Chapel-en-le-Frith in housing need. There were a further 32 households that indicated a housing need which have been discounted because they were anonymous. The survey form stated that anonymous forms would not be included in the analysis of need.

The financial information provided by respondents in the survey indicates that 6 of these households can meet their need on the open market. This survey has therefore identified 61 households in need of affordable housing. In addition, a further 87 Chapel households are registered on Home-Options who have not responded to this survey. If we combine the survey and Home-Option figures, there are 148 households in need of affordable housing in Chapel. It is normal practice to develop about a third of the total housing need identified, so using the 33% rule to decide on the number of units to be provided gives a **minimum of 49 properties**. The majority of these households require rented accommodation provided by a Registered Social Landlord (or Housing Association).

In terms of part-ownership, the financial information provided by respondents in the survey, suggests that a number of respondents would be able to afford a part-share in a home. My best estimate is that 16 households (26%) would be able to afford part-ownership or a form of tenure leading to part-ownership such as rent to homebuy. A recent Borough wide survey recommended a similar tenure split of 80% rented to 20% shared ownership on any new affordable housing schemes due to the large disparity between incomes and house prices in the area. 10 households also expressed an interest in discounted sale. In order to be certain of the proportion of rent to shared equity, and whether discounted sale is a viable option, further checks could be undertaken as a scheme progresses.

The survey indicates a clear requirement for 1 bed bungalows and 2 bed houses, with a lesser need for 1 bed flats and 3 bed houses. The need for one bed accommodation relates to the household types in need. 76% of the households identified in need would, under normal circumstances, only be offered a one bed house under the Home-Options allocations scheme as they are single people or couples without children. However, the local authority may wish to consider whether to pursue 1 or 2 bed homes as developers are not keen to build one bed properties due to their lack of flexibility.

Even though house prices have shown a recent decrease, there is still a large gap between incomes and house prices, which will continue to have a significant impact on affordability. The current credit crunch is also making it more difficult for people to get on to the housing ladder, with fewer mortgages available, larger deposits and a good credit rating being required, and a movement away from 100% mortgages and lending above 3 to 3.5 times a household's gross annual income.

This survey has been undertaken with the support of Chapel-en-le-Frith Parish Council. These conclusions are based on information provided by Chapel-en-le-Frith residents as part of a paper-based survey. The views of the Parish Council and the community on the outcomes of this report are very much welcomed.

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Appendix A

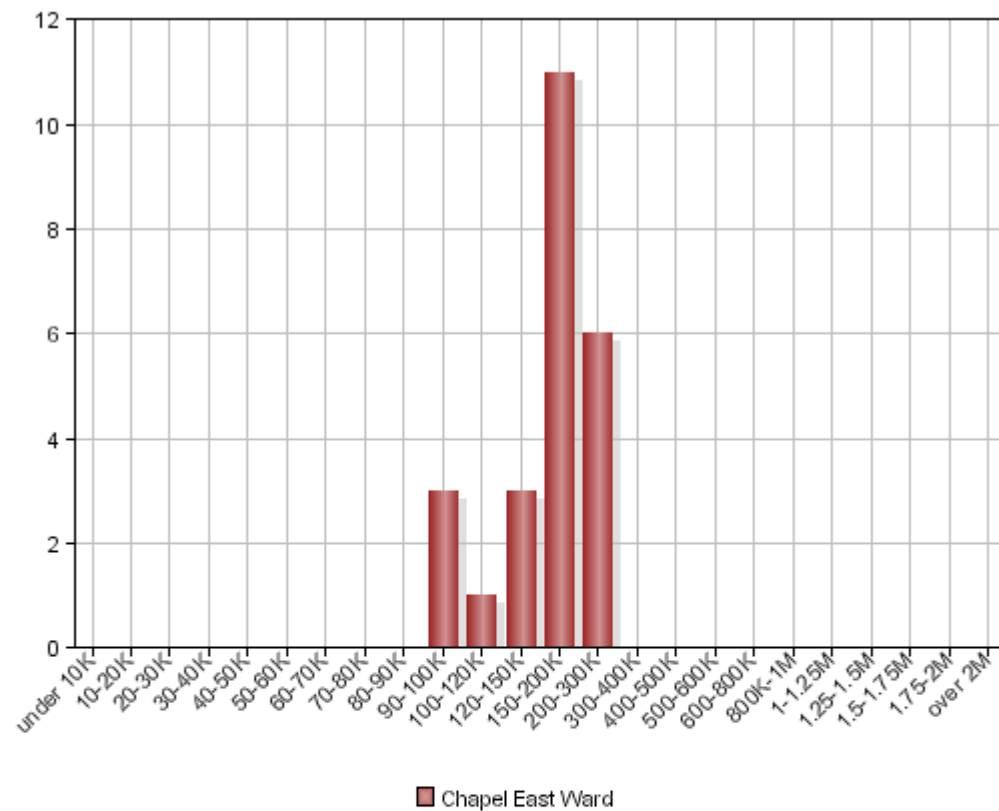
Charts showing all housing sales by value for Chapel East Ward and Chapel West Ward

The charts below show all house sales by value in Chapel East Ward and Chapel West Ward in the financial period 2008/9.

Chapel East Ward

In Chapel East Ward, the majority of properties sold in the £150,000-£200,000 price range, with only 4 homes selling in the £90,000-£120,000 price range.

Turnover in 2008



Note

The chart shows the number of residential sales in the area by price band using data from HM Land Registry

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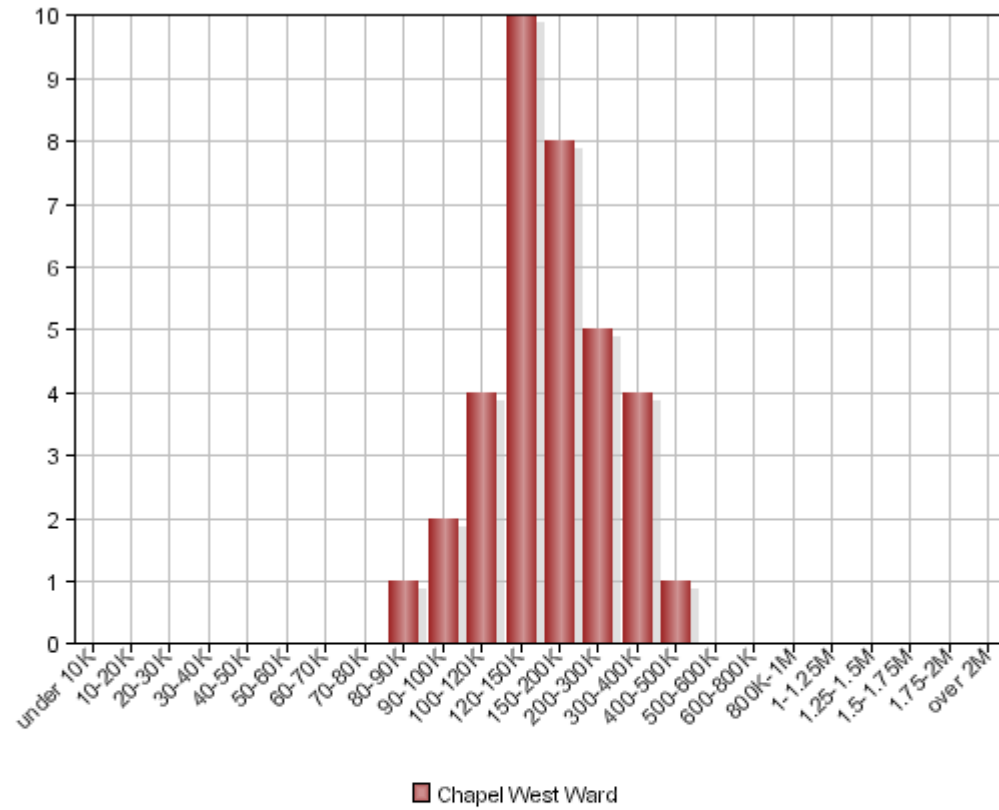
Metadata

| | |
|--------------|----------------------|
| Source | HM Land Registry |
| Timespan | Jan 2008 to Dec 2008 |
| Last updated | Dec 2009 |
| Data level | Ward |

Chapel West Ward

In Chapel West Ward as the chart below shows, the majority of properties sold in the £120,000-£200,000 price range, with 7 selling in the £80,000-£120,000 price range.

Turnover in 2008



Note

The chart shows the number of residential sales in the area by price band using data from HM Land Registry

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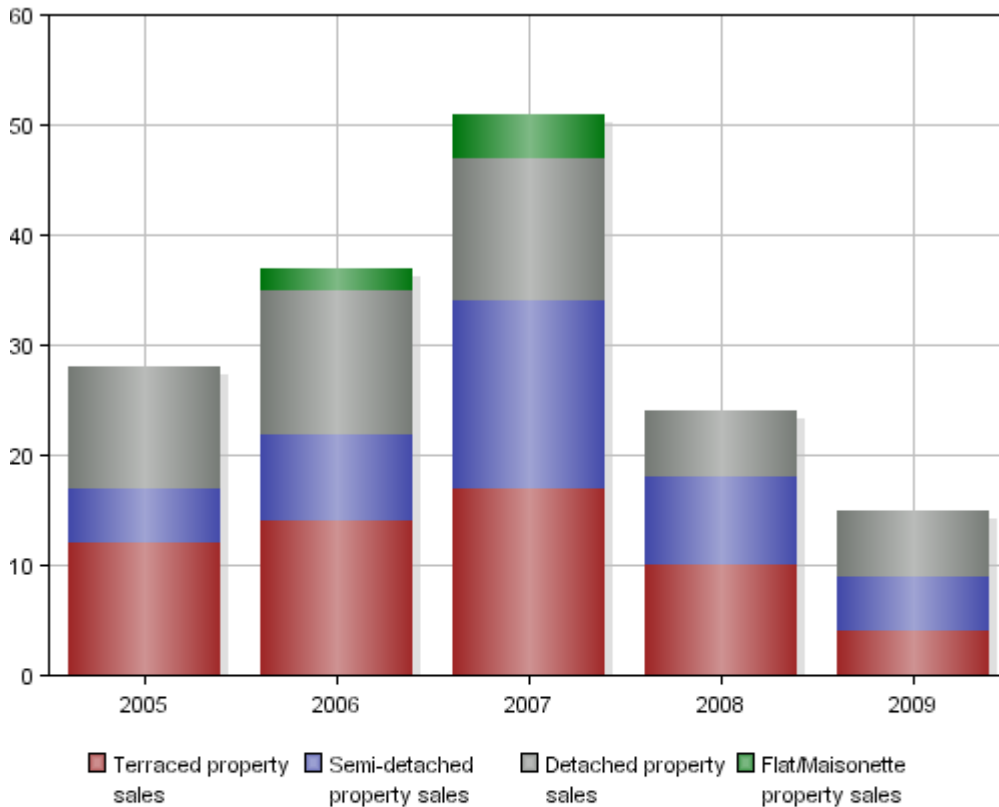
| | |
|--------------|----------------------|
| Source | HM Land Registry |
| Timespan | Jan 2008 to Dec 2008 |
| Last updated | Dec 2009 |
| Data level | Ward |

Appendix B

Chapel East Ward – Housing Turnover by property type since 2005

The chart shows the housing turnover since 2005 in Chapel East Ward. In addition to the problem of affordability, local people’s ability to purchase in the market is further restricted by the very limited supply. Only 3 terraced properties have sold in this Ward in 2009, and only 10 in 2008. Chapel West Ward has a very similar reduction in turnover with 63 homes being sold in 2005 and 35 in 2008.

Annual turnover by property type



Note

The chart shows the count of housing turnover each year split between property type using data from the Land Registry

Metadata

| | |
|--------------|----------------------|
| Source | HM Land Registry |
| Timespan | Jan 2005 to Dec 2009 |
| Last updated | Dec 2009 |
| Data level | Ward |